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Laos, the Divided Nation

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FOREWORD

Since gaining independence in 1953, Laos has been fighting a seesaw war against the Communists that has kept the country weak and divided. This report discusses the basic economic, political, and military factors that have led to the present uneasy stalemate. The report also relates the fighting in Laos to the war in Vietnam, and considers the principal forces at work in Laos.

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*Laos, The Divided Nation**

Summary

The Kingdom of Laos, disrupted by Communist insurgency since before independence, is struggling to maintain the facade of neutrality that was imposed on it by the big powers at Geneva in 1962. The Communists now hold about half the country with the direct support of North Vietnamese troops, but the main population and agricultural centers are in the areas controlled by the government in Vientiane. The Communists are reluctant to attempt large-scale military actions because of North Vietnam's preoccupation with its own war, the threat of US intervention, and the strength of US/Lao air and guerrilla forces. Their strategy for the present is to hold the eastern corridor of Laos that gives Hanoi an infiltration route to South Vietnam. Neutralist Premier Souvanna Phouma and the Lao Army cannot drive the insurgents out of Laos as long as they are supported by North Vietnam. The country will probably remain in this uneasy stalemate at least until the war in Vietnam has been settled.

Political power in Laos is held largely by a small French-educated élite who are descendants of the royal families. Administration is often weak and corrupt. The three main political factions correspond to the three categories of the coalition government established in 1962 -- the neutralists, the rightists, and the Communists. The Communist leader, Prince Souphanouvong, who is half-brother to the Premier, sat in the Cabinet at Vientiane until 1963, when he declared that the capital was unsafe and left for Communist-controlled territory. Four Cabinet posts are still held vacant for the return of the Communists, but the government is now in effect a neutralist-rightist coalition. The Communists, since 1950, have had little success in establishing a national base in their areas through intensive grass-roots organizational efforts.

* This report was produced solely by CIA. It was prepared by the Office of Research and Reports and coordinated with the Offices of National Estimates, Current Intelligence, and Basic Intelligence; the estimates and conclusions represent the best judgment of the Directorate of Intelligence as of May 1967.

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The Lao economy is a mixture of primitive agriculture, a bustling war effort, and lucrative foreign trade in two commodities, gold and opium. The economy is too weak to support either the Communist insurgency or the defense against it, and both sides must be propped up by substantial foreign aid. The standard of living in Laos is about the lowest in Asia. The literacy rate is 15 percent; life expectancy, 30 years; per capita consumption of electric power, less than 10 kilowatt-hours; road density, about 0.1 mile per square mile; and per capita GNP, under $100 (although a few people make fortunes on corruption, opium, and gold). Less than 5 percent of the country is under cultivation, yet agriculture supports 90 percent of the people. There is no manufacturing enterprise bigger than a cigarette factory. Imports are 32 times larger than exports. Seven percent of the population is under arms, whereas in most countries this proportion is less than 2 percent. But Laos has plentiful natural resources in relation to its population, and in the long run, with modern development methods, the country can be made economically viable.

The military objectives of the contestants in Laos are basically simple. The Communists must hold the route that goes from Mu Gia Pass in North Vietnam, meanders about 300 miles through the Laotian Panhandle, and emerges at various points in South Vietnam. It is estimated that up to 20,000 short tons of supplies will move to South Vietnam down this route during the 1966-67 dry season that ends in May. US bombing of the route has increased the cost of moving supplies but has not reduced their flow. Air attacks are relatively ineffective because the level of traffic moving along the roads uses on the average only a small proportion of the route's capacity and because the Communists now travel at night, use extensive camouflage, and make rapid repairs. Elsewhere in Laos the Communists would like to consolidate their control over the Plaine des Jarres and the mountainous northern provinces. The government in Vientiane wants to keep the Communists out of the Mekong valley, where most of the people live. In addition, the government would like to retake all of the territory lost to the Communists since 1950 and to prevent the Communists from using the southern Panhandle as a supply route from North to South Vietnam, but it cannot achieve these objectives as long as North Vietnamese troops remain in Laos.

The two opposing Laotian armies are not impressive military forces. The troops on both sides are mostly uneducated and untrained and have little will to fight. Loyalties depend on family and region, and important ethnic differences complicate the problems of both armies. The military commanders in Vientiane are often at odds with one another. In contrast, the North Vietnamese in Laos are professionals. They are better trained and equipped and are more highly motivated than the Laotians. They are

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used as independent units to spearhead attacks and as the hard core of many Laotian Communist units.

Total non-Communist forces in 1966 were about 99,600 men, including 1,150 in the Air Force, which has available about 40 small combat planes. The Communists in 1966 had about 40,000 Laotian troops, plus 16,000 regular North Vietnamese Army troops, but no aircraft. The capabilities of the two forces are determined more by the external support available to them than by their own indigenous strength. Since 1950 the United States has supplied a half billion dollars of nonmilitary aid and $300 million of military assistance, including most of the Army's equipment, its logistics system, and even some of its food. China and North Vietnam have furnished military equipment and supplies of unknown value to the Communist forces in Laos.

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Figure 1

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I. THE LAND AND THE PEOPLE

Laos is a weak, landlocked kingdom divided by region, by family, and by tribal loyalties. The land is predominantly mountainous jungle with a few plateaus and river plains. The people, of many tribes and cultures, lack the sense of basic identity to make them a true nation. Laos throughout its history has been subject to the conflicting ambitions of its neighbors, and today the Communists control half the real estate and a fourth of the people.

A. The Land

Laos, extending 700 miles on a northwest-southeast axis and varying in width from 60 to 300 miles, has the general shape of Italy and is slightly larger than Kansas (see Figure 1). A long border to the north and east with China and North Vietnam makes it an avenue for Communist infiltration into South Vietnam and Thailand, its principal southern neighbors.

Laos is rugged and forbidding in most of the north and in the eastern part of the southern Panhandle. Steep-sided mountains rise from 3,000 to 8,000 feet. The intervening valleys are often narrow, almost impassable gorges (see Figure 2). The border with North

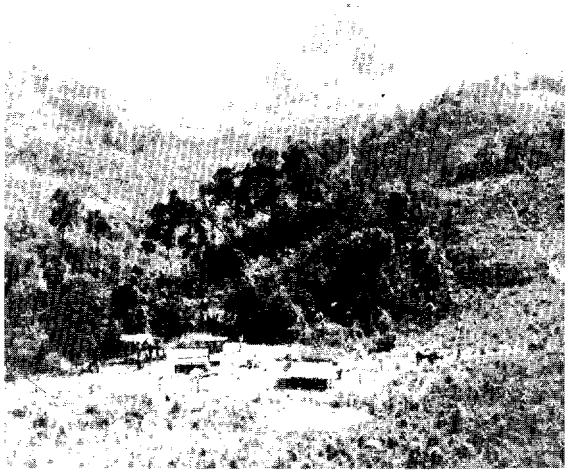

Figure 2. Laos: Representative Terrain in Xiangkhoang Province

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Vietnam generally follows the crest of the mountain range known as the Chaine Annamitique, and most troops and supplies crossing into Laos must go through narrow passes such as Deo Mu Gia -- 1,370 feet in elevation and traversed by important motor routes. The only areas in this region suitable for conventional warfare are the open and grassy Plateau du Tranninh in the north, whose largest portion, the Plaine des Jarres, is considered to be the strategic key to northern Laos, and the Plateau des Bolovens in the south near the Cambodian border.

The Mekong plain sustains most life in Laos and holds two-thirds of its people and most of its major towns. Part of this plain is centered on the capital city of Vientiane in the north, where flat swamps and marshes extend 70 miles north-south and 20 to 40 miles east-west. In the southern Panhandle the Savannakhet plain forms a gently rolling area about 100 miles long and up to 80 miles wide between the Chaine Annamitique on the east and the Mekong on the west. The Mekong plain is moderately well drained and is covered with dense to open forest or is cultivated, permitting relatively easy movement by conventional military forces.

Life moves with the weather in Laos. From mid-May to mid-September the wet southwest monsoon brings flooded streams and mud that make surface travel almost impossible and air operations uncertain. The rain stops with the coming of the dry northeast monsoon, which extends from mid-October, when much of the rice harvest begins, to mid-March. Total annual rainfall varies from about 50 inches in some parts of the country to more than 150 inches in others. High temperatures and humidity throughout the year reduce efficiency and contribute to a heavy incidence of such tropical diseases as malaria and cholera.

Most of the country has a dense cover of broadleaf evergreen forest, with undergrowth ranging from a low carpet of ferns to a thick tangled mass of vines, bamboo, and smaller trees. This jungle and the rugged terrain make it difficult to defend against infiltrators. The country has a sparse road network and no railroads. Foot trails are a principal means of communication and transportation. Inland waterway traffic is extensive but largely local. Air transport is vital and is often the only means of supplying remote areas.

B. The People

The 2 million people of Laos are as diverse in ethnic origins as those of the United States. At least two-thirds of the population belong

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to the Tai ethnic group, including the Lao and the Tai tribal people. Indigenous minority groups are the Lao Theung or mountain people, about 350,000; the Meo, about 100,000; the Yao, from 25,000 to 50,000; and various Tibeto-Burman peoples, 15,000 to 25,000. In addition, there are about 35,000 Vietnamese and up to 60,000 Chinese (see Figure 3).

The Lao, who probably migrated from Yunnan in China between the 11th and 13th centuries, are politically the dominant group. Lao is the official language. The royalty and a cluster of prominent Lao families are the elite of the country, and most of what constitutes authority in Laos derives from this group. Virtually no one else is competent to do the work of national government. There is a small but emerging middle class of government clerks, traders, and junior army officers -- followed by the mass of peasants and minorities, who are 90 percent illiterate. Individually, the Lao is gentle and patient, is rarely emotional, and is inclined to be passive in adversity. He does not plan for the future, because his needs are simple and rather easily obtained.

The tribal people live in the higher river valleys and plateaus. They have a culture similar to that of the dominant Lao, but they have not been assimilated. There is little national feeling among these people, and they tend to dislike the central government.

The Lao Theung (mountain Lao), a primitive racial group, were pushed back into the forests and mountains by the invading Lao, who called them Kha, meaning slave or barbarian. The Kha extend throughout Laos, usually living on the less fertile slopes above the river valleys. They are more numerous in the south and form a majority in Attopeu Province. A few are wet-rice farmers, but most practice a primitive slash-and-burn agriculture. Communist influence among the Kha is strong, and a significant percentage of Pathet Lao armed strength in the south is believed to be Kha.

Farther up the mountains live the Meo, nicknamed the "cat people." They build their homes on the sides or tops of mountains, seldom less than 3,000 feet up. They also live by slash-and-burn agriculture, but they are a cohesive group who often form effective fighting units to resist the Communists.

The Yao (Man) occupy mountainous areas in the north and northwest of Laos. The Tibeto-Burman tribes live on high mountain slopes near the Chinese and Burmese borders, but they often wander back and forth across the frontier and claim allegiance only to family or village.

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The Vietnamese held minor administrative posts under the French but are now small businessmen and artisans. The Lao dislike them, restrict their entry into the country, and occasionally harass them with surveillance. The Chinese engage in trade and commerce in the major towns but are concentrated in Vientiane.

Status in Laos is determined at birth, and there is little interchange among the classes. Higher education, essential to moving up, is beyond the reach of the peasants and has been a factor perpetuating the elite. The national literacy rate is about 15 percent. Of 124,000 children in the first three grades in 1965, only 6,000 were expected to graduate from the 6th grade and only 125 from high school. Religion has no more unifying force than education: the Lao are nominally Buddhists and the non-Lao animists. The Lao peasant believes that his body is inhabited by 32 souls, and that if any of them depart and cause sickness they can be brought back only by sorcery, a shot in the arm at a dispensary, or a whiff of opium.

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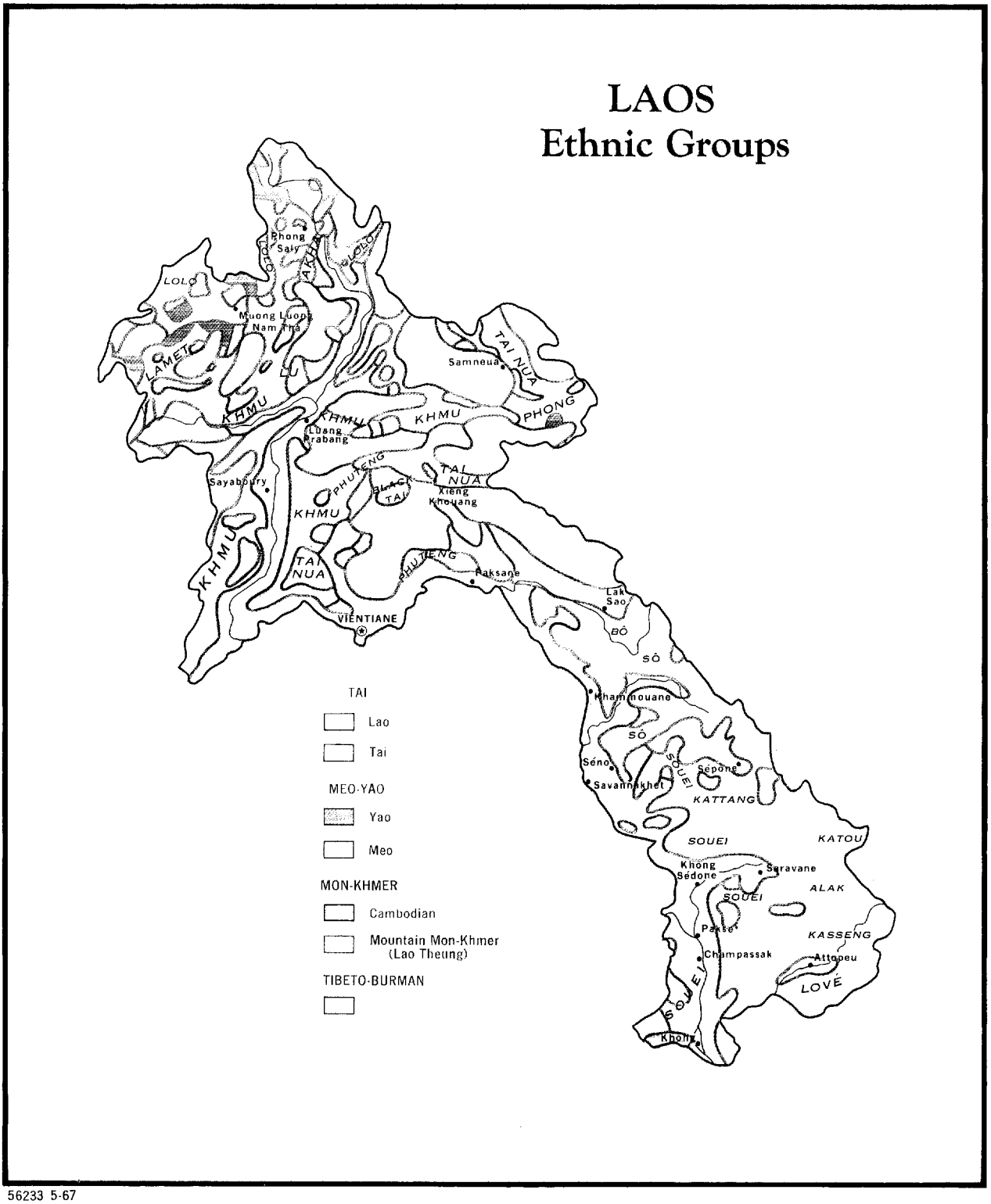
Figure 3



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II. FROM NOTHING TO NATIONHOOD

Laos was pushed prematurely into nationhood in 1953 after several hundred years of clan warfare and foreign domination. The French administration of a half century was a classic example of failure of a colonial power to prepare a people for self-government. Even with massive economic and administrative assistance, the young nation has been unable to solve in a few years the problems accumulated during the preceding century.

A. The French Heritage

Before the French arrived in Laos a group of clans with separate kingdoms had occupied the land for several hundred years, fighting intermittently with the Burmese, Shan, and Siamese. The French moved into Annam in 1858 and claimed territory as far west as the Mekong River, which brought them into political conflict with the Siamese, who claimed some of the same territory. During the 19th century, Laos was repeatedly raided from Yunnan (China), partly because of the Franco-Chinese hostilities on the Chinese coast. The French marched into Laos more to oppose the Chinese and the Siamese than because of an interest in Laos itself. By a treaty of 1893 the Siamese withdrew from places east of the Mekong and later gave up territory west of the river.

Laos as the name of a state dates from 1899, when the French began to administer the region as a single unit with a chief resident at Vientiane. The old kingdom of Luang Prabang provided local authority in three provinces, and the other provinces were treated as separate chieftaincies. The French gave Laos a form of political unity in 1923 by setting up a single consultative assembly.

When the Japanese occupation of Laos ended after World War II the king of Luang Prabang reaffirmed his loyalty to France. At the same time, growing nationalism was encouraged by the administrative vacuum left by the Japanese. Many elite Lao joined the non-Communist Lao Issara (Free Laotian Party) to resist the French and establish an independent Laos. Paris granted internal autonomy to Laos in 1947 and full independence within the French Union in 1953. Most of the Lao Issara supported the new nation under a single king, and four of the seven ministers in the first cabinet (1953) were former leaders of the party. In the meantime the Pathet Lao (PL), a Communist-inspired movement led by Prince Souphanouvong, had been organized and urged revolution against the provincial chieftains that formed the core of the new independent Laos.

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The French did nothing to prepare Laos for the modern world and to encourage a sense of nationhood. The villages of Laos traditionally have been self-contained units, and the concept of representation in a national government has been foreign to most Laotians. The sprinkling of elite and educated Lao considered themselves almost more French than Laotian. The educational system was not designed to turn out the large number of clerks, professional people, and businessmen that every country needs nor to provide the broad educational background necessary for a responsible citizenry. Some primary education was provided in the Lao language only, but secondary education was in French. Because French was not taught in the lower grades and was not widely spoken, few could pass the rigid French examination required to enter secondary school. The result was an almost complete cutoff between the educated few and the mass of Laotians. Even today, after nearly a decade of rather intensive foreign aid to education, only about one-third of the elementary-age school children and only 2 percent of those of secondary school age are enrolled in school.

B. The Military Conflict

Developments in Laos since independence in 1953 are closely tied to the civil war between the Pathet Lao and the Royal Lao Government. The war has alternated between sporadic attacks and periods of relative quiet but has absorbed many of the resources that would have gone into economic and social development. At present the Communists control about half the physical area of the country, including their strategically important corridor from North to South Vietnam. However, most of the people, the main agricultural areas, and the important cities are in the western part of the country still held by the government (see Figure 4).

1. The Emergence of Communist Power, 1949-54

In 1949, after the autonomy of Laos within the French Union had been confirmed, Prince Souphanouvong led several dozen dissatisfied followers from Laos into Vietnam. There they received support and training from the Vietminh, and in 1950 Vietminh propaganda broadcasts made their first reference to a "Pathet Lao Resistance Movement" dedicated to the fight against "French imperialism." Pathet Lao forces fought against the French presence in Laos in isolated actions along the Vietnamese border but controlled only small fractions of Laos until 1953. Laos remained essentially untouched by the French-Indochinese war until April 1953.

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Figure 4

LAOS: COMMUNIST TERRITORIAL GAINS,* NOVEMBER 1954-JANUARY 1967

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*Most Communist gains were made after August 1960.

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In the early 1950's the Laotian National Army, later named the Forces Armées Royales (FAR), was developed under French leadership. This was necessary because nearly all available French troops were transferred to Vietnam. Between 1949 and the end of 1952 the anti-Communist Lao army had grown from 1,200 to 12,300 men and with French help had repulsed the limited attempts of the Communist forces to gain a foothold in Laos.

In April 1953, Vietminh/PL forces launched their first thrust into Laos, occupying Houa Phan Province and advancing to within a few miles of the royal capital of Luang Prabang. Although the Vietminh radio announced that the army was made up of Pathet Lao with Vietnamese "volunteers," Vietminh forces were twice as numerous as those of the PL, and the ranks of the latter were filled preponderantly with Vietnamese personnel. The French repulsed the attack on Luang Prabang, but the invaders were able to retain control of much of Houa Phan Province. Souphanouvong immediately announced the establishment of a "Resistance Government" in the town of Samneua, declaring it to be the only legal representative government in Laos, and moved his headquarters there from Vietnam. In late 1953 a Vietminh force crossed from Vietnam into the Panhandle of Laos to take the town of Thakhek. This force also was dispersed by the French, but the Vietminh went into the surrounding hills, where they began propaganda and subversive activities among the mountain tribes. Pockets of control were thus established by the Pathet Lao.

As a result of the 1953 offensive the PL and Vietminh claimed to have "liberated" 15,400 square miles of territory, including all of Houa Phan Province, a large part of Xiangkhoang Province, and parts of Luang Prabang and Phong Saly Provinces. This success, coupled with skillful propaganda which had been designed to build up an exaggerated picture of PL strength, insured that the movement was given some recognition by the Geneva Accords of July 1954.

The Geneva convention called for a single, independent government for Laos. All "Vietnamese Peoples' Volunteers" were to be out of Laos within 120 days. Pathet Lao forces were to regroup in the two northern provinces of Houa Phan and Phong Saly and were to be integrated into a national army, also within 120 days. Foreign countries were prohibited from establishing or maintaining military bases in Laos, except that France was allowed to keep 3,500 troops in Laos and a training mission of 1,500.

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2. The Failure to Integrate, 1954-59

It became apparent soon after the signing of the Geneva agreement that the political differences between the opposing factions in Laos would prevent a rapid integration of the PL forces into a national army. Furthermore, PL military harassment of government-controlled areas continued. Eventually a nominal integration of 1,500 PL troops into the Royal Army took place on the Plaine des Jarres in February 1958, but the two PL battalions involved retained their own identities. It was not until May 1959 that the Sananikone government decided to force integration of the PL battalions. Faced with an ultimatum, the battalion stationed south of Luang Prabang complied; but the second battalion, on the Plaine des Jarres, escaped across the border to North Vietnam.

Pathet Lao forces soon returned to their bases in Houa Phan and Phong Saly. During July-September 1959, North Vietnamese Army (NVA)/PL forces made strong attacks on government positions in these provinces. Arrival of a UN fact-finding commission caused the enemy to cease large-scale operations, and by October the PL had reverted to guerrilla attacks on FAR outposts and villages.

3. Major Communist Gains, 1960 - Mid-1961

In August 1960, Kong Le, an obscure army captain and commander of a parachute battalion which had been trained by US Special Forces, staged a successful coup d'état in Vientiane. This act thrust an important third force, the Kong Le Neutralist Army, on the Lao political and military stage. The PL saw Kong Le as a potential ally and an additional disruptive force to plague the Royal Government. During the next few months, while Kong Le was recruiting an expanded Neutralist force, the PL managed to engage his sympathies and infiltrate his movement with their own people.

After Kong Le's coup, General Phoumi Nosavan joined Prince Boun Oum in forming a Revolutionary Committee based in Savannakhet. They soon acquired the allegiance of most of the FAR forces and announced their intention of marching on Vientiane. Anticipating this move, Kong Le airdropped small contingents of troops in the Saravane-Attopeu and Houa Phan areas as a diversionary scheme and moved east from Vientiane to capture Paksane from General Phoumi's forces. The planes used by Kong Le at this time had been supplied by the United States to the FAR for use by Kong Le's parachute battalion. By late November, however, Phoumi had rallied, recapturing Paksane and retaking

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Vientiane in spite of extensive Soviet airlifts of supplies to Kong Le. By mid-December, Prince Boun Oum had established a new government in Vientiane.

NVA and PL troops invaded Houa Phan and pushed westward along Route 7 (see Figure 5) across the Plaine des Jarres about three weeks after Phoumi had taken Vientiane. An estimated five battalions of North Vietnamese border security troops were engaged in the drive, which ended in early January 1961. The Communists and Neutralists were essentially in control of the Plaine des Jarres and the nearby town of Xieng Khouang.

It was evident that only a ceasefire or a major increase in US military involvement could insure Phoumi's security. All sides agreed that a new international conference, aimed at restoring Lao neutrality, was a necessity. Negotiations for a ceasefire line began in early 1961 but were repeatedly stalled by the PL, who sought to improve their strategic position and press their advantage over the FAR. To improve their position in central and southern Laos, the PL, spearheaded by North Vietnamese units, launched three main drives in March and April of 1961. The first thrust was aimed along Route 8. The second was about 50 miles to the south along Route 12, where the town of Mahaxay was taken. Further south, Tchepone and its airfield were captured only two days before the ceasefire went into effect (3 May). In the north, Muong Sai, an important town and military post that controlled access to Phong Saly and Houa Khong Provinces, was captured from the FAR.

4. An Ineffective Ceasefire, Mid-1961 - Mid-1962

Military operations in Laos continued after the ceasefire agreement in May and while talks to establish a coalition government continued in Geneva. Disregarding the counsel of US military advisers, the FAR was determined to assemble a very large force to recapture Muong Sai. About 5,000 men were assembled, probably the largest concentration of troops used in a single operation in Laos up to that time. The campaign was poorly conceived and badly executed. Two assaults by the FAR against Muong Sai, in December 1961 and January 1962, were routed, with some units retreating as much as 60 miles in confusion.

In the spring of 1962 the NVA/PL forces began a drive against Nam Tha, first capturing Muong Sing near the border of China.* On

* Some reports indicated that Chinese troops were engaged in the capture of Muong Sing. Although it is probable that PL and NVA troops were permitted to cross a salient of Chinese territory on their way south from Phong Saly Province to Muong Sing, there is no evidence of the actual involvement of Chinese forces.

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6 May 1962, Nam Tha was overrun, forcing the hectic retreat of a force of approximately 4,500 Lao troops -- including infantry, parachute battalions, and supporting artillery units. Most of these troops fled as far as the Mekong River and into Thailand. Even the best FAR units retreated wildly on first contact with the enemy, deserting their US advisers. The FAR lost large amounts of materiel and even more of its limited self-confidence. This defeat eliminated the authority of the Royal Lao Government in northwestern Laos and opened western Luang Prabang Province and all of Houa Khong Province to Communist domination. Moreover, Thailand was now vulnerable to possible attack from northern Laos. At the invitation of the Thai government, US ground and air forces were dispatched to Thailand under SEATO authority. The enemy forces made no further attempt, however, to exploit their successes in the area.

5. The Failure of Geneva, Mid-1962 - 1963

On 23 July 1962 the Declaration of Protocol on the Neutrality of Laos was signed in Geneva. Continued guerrilla warfare, however, made it clear that the PL had no intention of keeping the peace in Laos except on their own terms. By the spring of 1963, serious fighting was again in progress. By that time, however, most of Kong Le's forces had switched their support to the conservatives as a result of disaffection between Kong Le and the PL. Some of Kong Le's troops, on the other hand, had defected to the PL in early 1963. These defectors -- Colonel Deuane and the 1,500 troops under his command -- are still referred to as Dissident Neutralists.

In April 1963, following the assassination (instigated by the PL) of two principal Kong Le followers and the retaliatory slaying of the pro-Communist Foreign Minister, the PL attacked Kong Le in the vicinity of the Plaine des Jarres. Kong Le requested help from the FAR, and the Royal Lao Air Force airlifted six battalions into the western Plaine area, where the FAR had not been since 1961. In spite of the reinforcements, the military situation of the Kong Le-FAR forces continued to become worse. By the end of May they had been pushed to the western end of the Plaine and the Communists controlled strategic portions of Route 7. Non-Communist forces retained only a foothold on the western edge of the Plaine.

Also in the spring of 1963 the NVA/PL forces increased military operations in central and southern Laos. These actions were designed to consolidate the Communists' hold on lines of communication vital to their operations in South Vietnam, but they also prevented reinforcements

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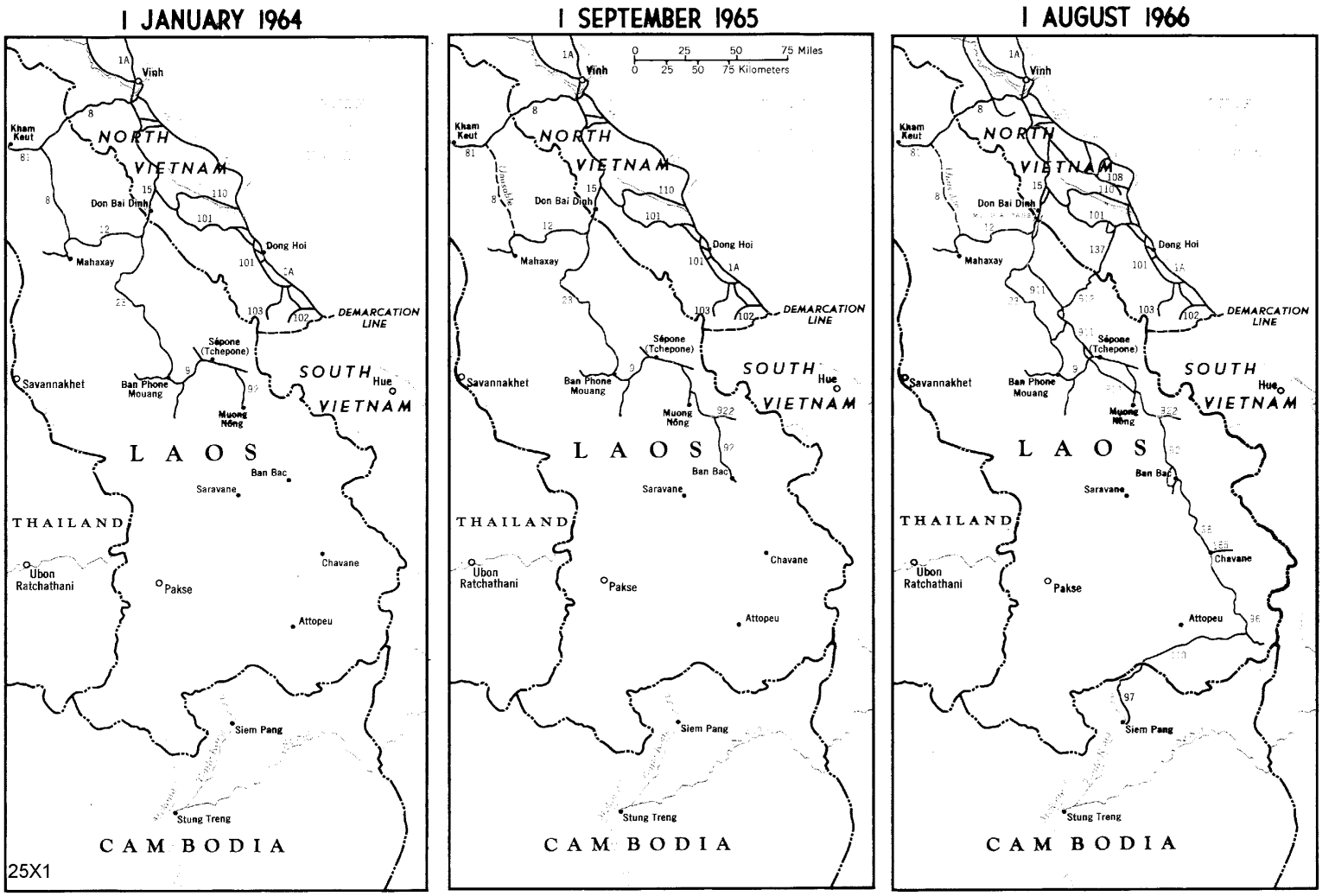
Figure 5



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LAOS PANHANDLE AREA

COMMUNIST ROADNET DEVELOPMENT

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from being sent to the Plaine des Jarres. By early June the Communists had secured what is now designated as Route 23.

The importance of the Panhandle to the Communists was illustrated by their reaction to a FAR offensive in November 1963. By December 8, FAR forces had moved to within 15 miles of the North Vietnamese border on Route 8 but were assaulted by enemy forces, augmented by North Vietnamese battalions which probably were shifted across the border for the assignment. Other enemy forces moved north toward the Na Kay Plateau from Nhommarath. By the end of January 1964 the enemy had captured the entire plateau and had advanced to within 16 miles of Thakhek. In the process the Communist forces strengthened their control of an important mountain pass, gained control of most of Route 8, and, in general, occupied in strength an area which looked south down the Panhandle and west toward Route 13. It is estimated that 5 North Vietnamese and 3 PL battalions had been engaged against 1 Neutralist and 10 FAR battalions.

6. The Conflict in 1964-66

In April 1964 the enemy began a new offensive on the Plaine des Jarres. First, an intensive campaign was launched against the Meo guerrilla units which had been engaged in cratering operations along Route 7. Then, apparently inspired by Phoumi's abortive coup of 19 April, the NVA/PL forces opened a widespread assault which eventually resulted in complete Communist control of the Plaine. By May 1964 the Communists controlled more Lao territory than ever before.

In July 1964, FAR, Neutralist, and Meo troops launched a joint campaign, Operation Triangle, which was designed to clear the ground within the area defined by the triangle connecting Vang Vieng, Muong Soui, and Luang Prabang. US military attachés aided the FAR General Staff in planning the operation. T-28 aircraft armed with bombs and .50-caliber machineguns were used to support ground operations, and they gave the FAR troops a combat advantage over the Communists as well as an important boost to morale.* Planes controlled by USAID delivered 3,000 troops to the battle area and more than 5,100 tons of supplies, including artillery, ammunition, food, medical supplies, jeeps, trucks, trailers, and POL. The triangle was successfully cleared, an example of the effective use of air power and of cooperation between FAR and Neutralist forces.

* For air operations, see V, B, below.

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The focus of friendly military action in Laos since mid-1964 has shifted to the air interdiction campaign against Communist supply routes to South Vietnam. Fighting on the ground has consisted of limited probing attacks against Communist strongholds or strategic positions and consolidation of control over territory already won. The only notable military campaign in the north was Operation Prasane, undertaken in July-August 1966 in part to ease enemy pressure on Luang Prabang. The action, which resulted in the withdrawal of most enemy forces from the area, involved Meo units, FAR forces, and Royal Laotian Air Force (RLAF) and US aircraft.

Only two notable military actions have taken place in southern Laos in the past two years. In March 1965 an enemy attack led by North Vietnamese troops on the FAR Reserve Officers Academy at Dong Hene was decisively repulsed. About 50 enemy troops were killed and 9 North Vietnamese were captured in the action. Later the International Control Commission (ICC) conducted an investigation of the attack on Dong Hene and issued a report which provides the major documentary evidence of North Vietnamese military intervention in Laos. The second operation was an enemy drive toward Thakhek in November 1965. During this action, which also included sizable numbers of North Vietnamese troops, the enemy drove to the outskirts of Thakhek. The drive was repulsed by airlifted FAR reinforcements and by combat support from the RLAF. The enemy operation was more of a spoiling attack and a harassment of Thakhek than a determined effort to capture the town.

On 16 October 1966, Neutralist General Kong Le was ousted from his command. The probable result of this action will be an eventual integration of the Neutralist forces into the Royal Laotian Army, although progress has been slow. On 18 November, Kong Le formally resigned as Commander-in-Chief of the Neutralist Army and on 23 November departed from Laos for a stay in Indonesia. He has since asked for asylum in the Philippines.

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III. HOW LAOS IS GOVERNED

Political disunity and widespread corruption have prevented effective government in Laos. Although in theory the structure of the government is highly centralized, with Vientiane controlling administration down to the subdistrict level, in practice family arrangements determine relations at most levels of government. Both prestige and the opportunity for profit go with government service, and most Lao who have a secondary or higher education are in administrative posts.

A. The Structure of Government

The Kingdom of Laos has a parliamentary system of government. Article III of the constitution, approved in 1956, declares that "sovereignty emanates from the people and is exercised by the King." He selects the Premier, presides over formal sessions of the Council of Ministers, names 6 of the 12 members of the upper legislative chamber (the King's Council), and exercises considerable power when the legislature is not in session. When the nation's vital interests are at stake the King may -- at the initiative of the government and with the approval of both legislative chambers -- take upon himself the duties of the government or appoint a government of his own choice which is not subject to assembly approval. The King has power to postpone elections to the National Assembly in times of grave national crisis. The King also has substantial political influence because of his personal prestige.

The National Assembly, composed of 59 deputies elected at intervals no greater than five years, exercises the principal legislative power. By a vote of censure the assembly can force the resignation of the government. The King's Council, or upper house, whose members are appointed half by the King and half by the assembly, can revise and remand legislation originating in the assembly, but it has no veto power and its decisions can be overruled by a majority vote in the assembly.

The Premier is the principal executive, and the Council of Ministers is his Cabinet; together they exercise executive power in foreign and domestic affairs. The Premier is appointed by the King. The Council of Ministers is selected by the Premier, approved by the National Assembly, and invested by the King. The Council now includes the Ministries of Defense; Foreign Affairs; Veterans Affairs; Rural Affairs, National Economy, and Plan; Education; Finance; Health; Information, Propaganda, and Tourism; Interior; Social Welfare; Public Works; Post, Telephone, and Telegraph; and Justice.

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Laos is divided into 16 provinces and the prefecture of Vientiane, each headed by a governor appointed by the central government. The provinces are divided into 115 districts, which are made up of 910 subdistricts or cantons comprising 11,893 villages. All provincial officials down to the canton level are appointed by the central government, but the diverse nature of the village people and the disruptions of civil war have greatly eroded Vientiane's authority at the local levels of administration.

The courts in Laos are based on a mixture of modern judicial principles and native practices adapted to French legal codes. There are justices of the peace at village levels, a criminal and civil court in each provincial capital, and appeals courts at the national level. The legal process is slow and inefficient because of a shortage of trained personnel and because the legal code is not fully compatible with the unsophisticated needs of Laos.

The career civil service in Laos is not comparable in training and traditions with that of developed Western countries. Modern work methods are almost unknown outside Vientiane. The government can scarcely fill even the few key positions with qualified Lao and must turn to Western nations for extensive help in the fields of administration, education, military training, transportation, and economic development. France provides advisers in key government ministries, about 250 teachers scattered throughout Laos, and a military training mission of about 200 men. The United States has a large assistance program, including several hundred experts in administration and economic development.

B. The People Who Rule Laos

Political power in Laos is still held largely by a small French-educated elite who are descendants of the royal families. Political factions, whose interests usually are both political and commercial, are organized around these families. Each family group has a power base in a specific region, although its political following may be more widely scattered. The existence of family and regional loyalties is a carryover from the 18th and 19th centuries, when Laos was divided into several petty states. Even though some of these have long been defunct, families have survived with their titles and retain considerable influence.

Powerful families still dominate the provinces that formerly were the principalities of Luang Prabang, Xiangkhoang, Vientiane, and Champassak. The present royal family, including King Savang Vatthana,

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and its closely related cadet branch (of which Souvanna Phouma is the leading member) are extremely influential in Luang Prabang and the northwestern provinces. The Sananikones, headed by former Premier Phoui Sananikone, share leadership in Vientiane with the equally important Souvannavong family. The Sananikone position has been strengthened by an alliance with General Kouprasith Abhay, the capable and ambitious chief of the 5th Military Region and a nephew of Phoui. In Xiangkhoang Province the Say family, led by Prince Say Kham, commands considerable respect and has the military backing of General Vang Pao, commander of the 2d Military Region. In the south, Prince Boun Oum is the dominant figure, holding the allegiance of such disparate figures as General Phasouk, powerful commander of the 4th Military Region, and Leuam Insixiengmay, a leader of the rightist faction. The struggle for power among these groups, including some of the ambitious generals, has often been a source of instability in Laos. In the three-year period from August 1958 to June 1961, Laos had six separate governments.

Prince Souvanna Phouma, Premier of Laos, was born in 1901 into the cadet branch of the royal family of Luang Prabang. He received degrees in architecture and electrical engineering from the Universities of Paris and Grenoble and served as a government engineer until the end of World War II. He has been active in politics since the war, serving four times as Premier, as Ambassador to France and several other European nations, and as a member of the National Assembly. In the early 1960's Souvanna appeared hopeful for an agreement with the Communists, but he is now taking a firmer approach to them and is actively cooperating with the conservative faction in the government.

Prince Boun Oum na Champas sak is the head of the royal family of the former Kingdom of Champassak in southern Laos and is the permanent Inspector-General of Laos. He served as Premier in 1950 and again from 1960 to 1962 but does not now play a public role in Lao politics. He is occupied primarily with the affairs of the southerners, his family, and his business interests. There is a certain amount of antagonism between Boun Oum and Souvanna Phouma, although Boun Oum reportedly stated in late 1965 that he fully supported the present government. He is strongly anti-Communist.

General Kouprasith Abhay, one of the two Deputy Commanders in Chief of the FAR and Commanding Officer of the 5th Military Region, ranks among the most important figures in Laos. He is a young, intelligent, and articulate opportunist who has enhanced his position by the political support he receives from the influential Sananikone family (his mother and wife are members of that family). Since 1965

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he has been a major source of strength behind Premier Souvanna Phouma, whose post he covets. Kouprasith, born in 1925, is a member of the conservative element in Laos and is a talented military officer.

General Phoumi Nosavan represented the rightist faction in the tripartite government as Deputy Premier and Minister of Finance from June 1962 until he was forced into exile in Thailand after his unsuccessful bid for power in 1965. In late 1966 he was making tentative moves to regain a role in future Laotian political developments. Phoumi, born in 1920, was a leading military figure by 1958 and was given increasingly important cabinet positions as the rightist element in Laos gained political strength.

Prince Souphanouvong, half-brother of Premier Souvanna Phouma, is Chairman of the Neo Lao Hak Sat (Lao Patriotic Front -- NLHS) and the nominal leader of the Communist-led "people's struggle" in Laos. He also holds in absentia the posts of Deputy Premier, Minister of the National Economy, and Minister of Planning in the Vientiane tripartite government. He made a brilliant record in school, received a degree in civil engineering, and traveled extensively in France and North Africa. Souphanouvong joined the Lao Issara after World War II but was frequently at odds with other leaders because he wanted to merge the Lao Issara with the Vietminh (the Vietnamese Communist movement). When the Pathet Lao Resistance Government was formed under Vietminh auspices in August 1950, Souphanouvong was named Premier and Foreign Minister. Articulate, capable, and forceful, Souphanouvong has won widespread respect and even affection from the people of Laos. Despite his unquestioned leadership ability, Souphanouvong probably is not fully trusted by the Vietnamese Communists.

Nouhak Phoumsavan, one of the most powerful men in the Lao Communist movement, is a standing member of the NLHS Central Committee and is probably the Chairman of the Phak Pasason Lao (Lao People's Party -- PPL). Nouhak is apparently a major policymaker for the NLHS and the Pathet Lao. He has frequently assumed acting leadership of the movement during the absence of Prince Souphanouvong.

The influence of the traditionally powerful families may be challenged as more Lao obtain the benefits of education. The loss by several name candidates to relative unknowns in the 1965 "consultative elections" is evidence of a rising middle class that is politically significant though numerically small. The expanding role of the armed forces also acts as a counter to the power of the great families.

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Corruption is prevalent among Lao leaders. Some rakeoff by officials is to be expected, but not of the flagrant kind that over the past decade has helped to tarnish the government's image. Much of the corruption involves diversion of foreign aid into private channels, which is difficult to control in countries receiving large-scale assistance with limited supervision.

C. The Present Government

Political parties in Laos have been little more than the personal vehicles of their various leaders or of short-lived coalitions of leaders. Party lines are loose and discipline almost nonexistent. Of the four political parties represented in the first general elections of 1955, for example, none exist today; they have all dropped from sight in the splits and mergers that characterize the Lao political scene.

The three main political factions correspond to the three categories of the coalition government -- the neutralists, the rightists, and the Communist NLHS. When the two NLHS members of the Council of Ministers, Prince Souphanouvong and Phoumi Vongvichit, declared Vientiane unsafe and left for Communist-controlled territory in 1963, Communist participation in the government came to an end. Four cabinet posts are still held vacant for the Communists' return, but the government is now in effect a neutralist-rightist coalition.

The majority of the members of the National Assembly probably are opposed to a three-way coalition and would favor the elimination of the NLHS from the government. There has been pressure to redistribute the vacant NLHS cabinet posts, with their highly coveted privileges, among the present deputies. However, international pressures and the influence of King Savang and other leaders have been able to retain the form if not the substance of a tripartite coalition. The assembly itself is entirely non-Communist, because the Pathet Lao boycotted the elections of assembly members.

Moves by the military have been difficult to control, and attempted coups in 1964 and 1965 narrowly missed toppling neutralist Premier Souvanna Phouma. The Kouprasith-Siho coup attempt in April 1964 produced a dramatic example of international interest in maintaining the coalition government in Laos. The ambassadors of the United States, the USSR, France, and the United Kingdom jointly applied pressure on the main political groupings in Laos to retain Souvanna and salvage the coalition. There have been other, less publicized

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occasions when international support has enabled Souvanna to resist military and political pressures.

The rightists and neutralists in the past have disagreed sharply over national policies. Premier Souvanna, however, has become increasingly disillusioned with the Communist-controlled left wing and has steadily integrated the right and center under his leadership. The flight of Phoumi Nosavan to Thailand in February 1965 eliminated an important source of political instability and strengthened Souvanna's position. More recently, rightist leader Leuam Insixiengmay, who inherited the bulk of Phoumi Nosavan's defunct Social Democrat Party, has pressured Premier Souvanna for more authority in government decisions. However, the voting for a new assembly on 1 January 1967 substantially cut down Leuam's influence by reducing his control from 32 out of 59 seats in the previous assembly to scarcely more than a half dozen in the new assembly.

Souvanna is in a relatively strong position in 1967; most of the deputies have agreed to support him, and the president of the assembly has agreed to push his program through. Souvanna has strong international support, including that of the USSR and the Communist countries of Eastern Europe. As Premier and Minister of both Foreign Affairs and Defense, he makes nearly all the important decisions. The departure of the 66-year-old Souvanna would probably result in a major political crisis and further weaken the fragile government structure. Souvanna has implied that he favors Sisouk na Champassak as successor to the premiership, but the relatively young Sisouk has stated that he does not yet have the necessary prestige for the job.

The Hanoi-backed Communists have achieved little success in establishing a national base in the areas they control through intensive grass-roots organizational efforts. The NLHS, which is a legal political party serving as a front for the clandestine Lao Communist Party, has established numerous mass organizations of women, students, Buddhist clergy, and other groups. The Communists use the traditional Lao administrative organizations in their areas but in addition have a Party committee at each administrative level. The Party chief, who represents the Central Committee of the NLHS, has authority over the local administrative chief.

D. Foreign Representation in Vientiane

Lao foreign policy since conclusion of the Geneva agreements of 1962 has been based on the principle of strict neutrality. By the terms

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of the agreements, the government undertook to establish friendly relations "with all countries," to refrain from interference in other nations' affairs, to refuse the use of Laotian territory for foreign military or subversive purposes, and to require the withdrawal of all troops from Laos, except for a small French training mission. Accordingly, Laos established diplomatic relations with Communist countries. Today, in addition to the non-Communist representation, ambassadors are resident from Communist China, North Vietnam, and the USSR. Other Communist representatives resident in Hanoi, Phnom Penh, or Rangoon are also accredited in Vientiane. Several aid agreements that had been signed with Communist countries in 1962 were quietly dropped following the outbreak of fighting on the Plaine des Jarres in April 1963.

Relations with Communist China and North Vietnam have remained correct but extremely cool. Relations with the USSR and Eastern European countries have been more cordial. In June 1966, King Savang and Premier Souvanna made a state visit to the USSR. In February 1967, Laos granted the USSR overflight privileges for at least one flight from Moscow via Rangoon to Hanoi. The Soviet authorities probably have asked informally for overflights on a regular basis, but there is no evidence that they are seeking a scheduled air route over Laos.

In spite of the international commitment to neutrality, Premier Souvanna has turned to the West for assistance in countering the Communist insurgent movement in Laos. Shortly after the Communist offensive of April 1963, Souvanna formally called on the United States to increase its military assistance, a request justified under the article of the Geneva agreements which permits the introduction of "such quantities of conventional armaments as the Royal Government of Laos may consider necessary for the national defense of Laos." US assistance has been a key factor in preventing further Communist gains, but it has also aroused Communist suspicions about US support for a neutral policy in Laos. The Western allies -- the United States, the United Kingdom, and France -- have made it clear that they do not want to shatter the facade of the Geneva agreements. Similarly, the USSR desires to maintain the status quo. No change in these positions is likely until the conflict in Vietnam is settled.

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IV. ECONOMICS, OPIUM, AND GOLD

The Lao economy is a jumbled mixture of primitive agriculture, a bustling war effort, and lucrative foreign trade in two commodities -- in the case of gold, legal, and in the case of opium, illegal. Seldom in modern times has a nation faced the future with so little of the world's goods. The standard of living in Laos is about the lowest in Asia. The literacy rate is 15 percent; life expectancy, 30 years; per capita consumption of electric power, less than 10 kilowatt-hours; road density, about 0.1 mile per square mile; and per capita GNP, under $100 (although a few people make fortunes on corruption, opium, and gold). Less than 5 percent of the country is under cultivation, yet agriculture supports 90 percent of the people. There is no manufacturing enterprise bigger than a cigarette factory. Imports are 32 times larger than exports. Seven percent of the population is under arms, whereas in most countries this proportion is less than 2 percent.

A. Agriculture

Laos has the potential to become, with modern agricultural techniques, self-sufficient in food and an exporter of agricultural products. The cultivated area could be greatly extended and yields for both crops and livestock substantially increased. But at present, Laos is a net importer of food. Agriculture is almost completely subsistence and is largely outside the monetary economy. Farmers and their families, living in villages, work small fields by age-old methods to provide their own food and a small surplus to barter for other essentials. They have rarely seen even the simplest form of mechanization, know little about modern fertilizers and improved seeds, and have hardly scratched the surface in contemporary animal husbandry.

1. Food Crops

Most of the cultivated land is planted to rice, the great staple food of Laos. Wetland rice, produced along the rivers, accounts for about 80 percent of the crop, but the mountain people grow dryland rice under a system of shifting cultivation that keeps them moving on as the soil is depleted. Official figures, which are often no better than rough guesses, show that rice production declined during the crop years 1962 and 1963, then increased through the 1966 crop year to about 570,000 tons.* Rice imports increased from 16,000 tons in 1961 to about 60,000 tons in 1965 and are used to help feed the military forces, the growing urban population, and the increasing number of refugees from Communist-controlled areas.

* Tonnages are given in metric tons throughout this section.

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Corn ranks second to rice as a food grain but occupies only 3 percent as much cultivated area as rice and is primarily a supplementary food. A wide variety of vegetables -- potatoes, peppers, beans, and soybeans -- are grown and consumed in the villages. The urban centers import many vegetables from abroad.

2. Nonfood Crops

Tribal people cultivate opium poppies and produce opium, partly for local smoking but primarily for sale at nominal prices to middlemen. Although the government regulates the domestic sale of opium and prohibits its export, it continues to be used as a medium of exchange in remote parts of Laos. Smuggling of opium is a million-dollar foreign exchange earner, receipts from which are larger than those from legal exports. Most opium probably goes to Saigon or Bangkok for transshipment to Hong Kong and other ports.

Laotians produce silk and cotton locally and weave them into their own textiles, although imported textiles are growing in importance. Tobacco, cultivated in small patches by most village families, is a valued article of trade in local markets and is also shipped across the Mekong to Thailand without going through commercial channels.

3. Livestock, Poultry, and Fish

The farmers of Laos keep both edible livestock and work animals, but the quality is low, the incidence of disease is high, and livestock yields are poor. A half million buffalo and a third of a million cattle pull field plows and other heavy loads. Some 14,000 horses are used for transport. Once known as "the land of the million elephants," Laos now has only a few (2,000) for transport and ceremonial use. Goats and sheep (8,000) do not thrive well in the Laotian climate. Hogs (735,000) and poultry (8 million) are raised for human consumption.

Fish provide a large share of the protein in the Laotian diet. Families fish in the Mekong and its tributaries for their own needs, sometimes selling part of their catch in the markets. Laos imports fish from Thailand, both to satisfy urban requirements and to stock the many local ponds.

4. Foreign Aid to Agriculture

A small but encouraging start has been made in the development of agriculture. The United States began an extensive vegetable production program near Vientiane in 1963, emphasizing improved

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seed, fertilizer, and insecticides. The result has been a rapid expansion of output that enabled Lao growers to capture about half the Vientiane market, which had been supplied primarily by imports from Thailand. The United States sponsors jointly with the Laotian government a program (a) to provide higher yielding rice seed to villagers, (b) to distribute information on improved farming methods, (c) to extend credit to farmers, and (d) to buy surplus rice at prices that will encourage domestic production. The objective is to make Laos self-sufficient in rice in two or three years and then enable it to begin exporting rice. In addition, the United States has constructed small self-help dams that brought over 25,000 acres under irrigation by the end of 1965. It is planned to have 60,000 acres under irrigation by 1967, but this is less than 5 percent of the total cultivated area, which often lies fallow for lack of water during the dry season.

B. Resources and Industries

Laos has not been carefully surveyed for resources of commercial value. The extent of the country's mineral wealth, with only a few exceptions, is unknown, and little has been done to exploit known resources for export. Some minerals prospecting is now under way, especially by the Japanese.

1. Minerals and Metals

Salt for home use and tin for export are the only minerals now produced in Laos. Production of tin concentrates is about 900 tons a year. Proven reserves of tin are estimated at 70,000 tons, and the government is planning to increase output to 2,000 or 3,000 tons annually. All tin is exported, accounting for nearly two-thirds of the value of legal exports.

Reserves of iron ore, of excellent quality and near the surface, have been estimated at 1 billion tons, far in excess of requirements for Southeast Asia. The deposits, located on the Xiangkhoang Plateau in central Laos, could become important suppliers of iron ore for Japan and other major steel producers. Access is difficult under present hostile conditions in that area, and there are no immediate plans for development.

2. Energy

Wood and animal wastes are the sources of much of the energy traditionally consumed throughout Laos. Electric power production has been expanded rapidly in recent years but is entirely thermal and is

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confined to the larger towns. Construction of the country's first hydroelectric facility, on the Nam Ngum River, will be started late in 1967. There are surface indications that Laos may have big petroleum resources, but nothing has been done to find them beyond granting exploration concessions to one French company. Coal is found in relatively small deposits in several areas. Imported petroleum products provide the largest source of commercial energy and are used for aviation, motor transport, and power generation.

3. Manufacturing and Construction

The largest operating industry in Laos is a cigarette factory which employs 200 people. Manufacturing is concentrated in Vientiane, where there are several hundred small factories, primarily of the family type employing three or four persons each. The scarcest input is capital, for which the normal interest charge to a good credit risk is about 60 percent a year. The government has tried to encourage small industries through favorable foreign exchange rates for machinery imports, protective tariffs, tax advantages for new industries, and some credit facilities. Most private capital, however, flows into nonproductive uses such as luxury housing, while many light industrial products that might be produced locally are imported with foreign aid funds.

New construction, aside from a few small industrial facilities, is mostly housing. Clay bricks of poor quality are produced in about 100 local kilns, but Laos must still import bricks (illegally) from Thailand. In a country that is 67 percent forested, production of lumber does not meet the demands of the small construction industry. Cement needs of 30,000 to 40,000 tons annually are all imported, although raw materials for cement production are plentiful. Attempts over the past seven years to build a cement plant, in part with equipment from an abandoned tin plant, have not yet materialized.

C. Foreign Economic Relations

Laos is a member of the United Nations, the International Monetary Fund, the International Bank for Reconstruction and Development, the Economic Commission for Asia and the Far East, and the Asian Development Bank. In normal times, intercourse with the outside world would stimulate slow but steady progress in economic development, but foreign economic transactions are now distorted by the war with the Communists. Programs necessitated by the war have opened an enormous trade gap, have required large doses of military aid, and have interrupted three or four economic plans before they got a decent start.

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1. Foreign Trade

Receipts from foreign transactions arise from a mixture of illegal gold sales, receipts from smuggling opium, and legal exports. The primary legal exports, amounting to about $1 million annually, are tin concentrate, benzoin, wood, and coffee, shipped mainly to Malaysia, Singapore, and Thailand. There is little chance of expanding legal exports at present because Laos is surrounded by neighbors who produce the same products cheaper.

Gold and opium are very profitable for the few, with no particular benefit to the country generally. Gold may be imported legally into Vientiane by anyone, and the traffic increased from $30 million in 1961 to $60 million in 1966. The gold is promptly exported (which is also legal) and becomes contraband only when entering another country. It usually is sold at a profit in the black markets of other Southeast Asian countries. The government levies a 7-percent tariff on the metal as it comes in, and this provides a third of the total government revenue. The export of opium is strictly illegal, but it is smuggled across the long borders of Laos or dropped by air in convenient spots in neighboring countries or at sea. Transactions in opium and gold do not enter official trade statistics, but their net return in foreign exchange is probably less than $5 million.

Merchandise imports into Laos, exclusive of gold, were $32.9 million in 1965, an increase of 180 percent compared with 1960. This increase resulted from swollen military and civilian government payrolls rather than from productive development of the economy. Imports of food into Laos, an overwhelmingly agricultural country, amounted to about one-third of total imports in 1965. Other major imports were machinery and transport equipment (19 percent of the total), petroleum products (13 percent), metals and chemicals (12 percent), and textiles and clothing (10 percent).

2. Foreign Economic Aid

The United States has given Laos 87 percent of the $545 million in foreign economic aid that it has received since 1964. France has given 6 percent, the United Kingdom 4 percent, and the USSR 1 percent. Nearly all assistance is in the form of grants, primarily to finance imports of commodities and technical assistance. Because the United States gives priority to achieving political stability in Laos, only about one-third of the 1966 aid commitments of $55.6 million were for

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economic development projects, and the remainder were about equally divided between security activities and nonproject aid. The USSR obligated $7.6 million in economic assistance to Laos in 1962, and Vientiane used $1.5 million of this for purchase of civilian aircraft shortly thereafter. The remainder of the aid has not been used, and no projects have been suggested during the last few years.

In 1964 the United States, the United Kingdom, France, and Australia, recognizing that the neutralist government of Laos needed support for its currency, created the Foreign Exchange Operations Fund (FEOF), which in effect gives unlimited support to the Laotian currency and leaves foreign exchange transactions perfectly free. Through the FEOF, anyone in Laos who wants to buy dollars may do so on the free market at the rate of 500 kips (K) to the dollar (the official exchange rate, which is K240 to the dollar, applies only to imports of aid goods and a few other minor transactions). Sales of dollars through the FEOF increased from $7.8 million in 1964 to $20.6 million in 1966. Most of the kips acquired through FEOF have been frozen in Laos and have thus offset the increasing budget deficit of the Laotian government. As a result, domestic prices in Laos have been held down and confidence in the currency has been encouraged. The United States provided $25 million to the FEOF during 1964-66, the United Kingdom $5.1 million, France $4.7 million, Japan $2.2 million, and Australia $1.6 million.

Laos has also received large amounts of military assistance.*

3. Balance of Payments

The large payments deficit that Laos accumulated during 1965, estimated at $36.9 million, was almost entirely offset by foreign aid. Total export earnings, including receipts from smuggling, were only about 10 percent of payments for imports. Gross official holdings of foreign exchange declined by $0.4 million during 1965 to $6.6 million (see Table 1).

D. Government Economic Policy

Military forces in Laos are far larger than the country can support, and as a result, few resources have been applied to economic development. The infrastructure essential to growth -- roads, schools, and public utilities -- is still hardly visible in Laos.

* See V, A, 1, c, below.

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Table 1

Laos: Balance of Payments
1964-65

Million US $

	1964	1965 a/
1. Goods and services		
Exports b/	3.1	3.6
Imports b/	-31.3	-31.8
Trade balance	-28.9	-28.2
Net invisibles	-3.9	-2.9
Total	-32.1	-31.1
2. Miscellaneous transfer payments, capital movements, and net errors and omissions	-4.1	-5.8
Total 1 and 2	-36.2	-36.9
3. Foreign aid		
AID reimbursement for invisibles	3.7	2.8
US import program, including POL	10.6	10.1
US project aid and defense support	12.0	11.0
UK and other aid import programs	1.2	1.7
Sale of foreign exchange by FEOF	7.8	10.9
Total	35.3	36.5
4. Monetary movements	0.9	0.4
Total 3 and 4	36.2	36.9

a. Preliminary figures.
b. Excluding imports and exports of gold, which are approximately offsetting. Exports include earnings from clandestine trade, primarily opium.

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1. The Government Budget

The large annual deficits in the government budget are apparent from Table 2. Government expenditures increased from K3,719 million in fiscal year (FY)* 1962 to K14,936 million in FY 1966. About 75 percent of the increase in expenditures in FY 1965 and FY 1966 was the result of a government pay increase. Military and police forces took 66 percent of government expenditures in FY 1966, an increase of 313 percent over FY 1962, and most of the money was spent for personnel expenditures. Supplies and equipment for the military were provided through foreign aid. Civilian expenditures, 34 percent of the budget, were allocated primarily to education, with small amounts to public works and foreign affairs.

Table 2

Laos: Government Receipts and Expenditures
FY 1961-66

Million Kips [a]

Fiscal Year	Receipts	Expenditures	Deficit
1961	489	3,369	2,880
1962	583	3,719	3,136
1963	848	4,282	3,434
1964	1,602	6,080	4,478
1965	4,734 [b]	10,313 [c]	5,579
1966	4,536	14,936 [c]	10,400

a. Kips may be converted to US dollars at the official rate of exchange of K240 to US $1. This rate, however, does not necessarily reflect the dollar purchasing power of the kip.
b. About half the increase over 1964 arose from the purchase of K1.4 billion from the FEOF, financed by $2.8 million which the United States made available to the Laotian government under a special arrangement.
c. About 75 percent of the increase in expenditures in 1965 and 1966 was accounted for by a government pay increase.

* The Laotian fiscal year is from 1 July through 30 June.

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Government receipts increased about seven times from FY 1962 to FY 1966. Most of the expansion has occurred since FY 1964 and is attributed to the increase in the exchange rate used for customs valuation (from K240:US $1 to K500:US $1) and to the rapidly rising imports of gold (which is taxed at 7 percent). Revenue from gold provided about a third of total revenue in FY 1965.

2. Economic Policy

Economic development in Laos is hampered by a severe shortage of trained personnel and the difficulty of maintaining law and order. A five-year plan of $100 million, begun in June 1959, would have gone half to education and transportation, with the remainder divided among agriculture, public utilities, urban and village improvement, and mineral development. Actual expenditures during the first year were less than a third of the planned amount, and thereafter the plan was suspended because of military and political uncertainties. Other development plans, started in 1962 and 1964, met a similar fate. A two-year plan for 1966-67 aims for self-sufficiency in rice and sugar and proposes some industrial development, but its prospects are not clear.

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V. WAR AND TRUCE IN LAOS

Laos is disrupted by Communist-inspired insurgency that began before independence. During most of the period since 1949 it has taken the form of open armed insurrection, actively supported by North Vietnam. Not only does Hanoi nurture the Lao Communist movement and support its military arm, the Pathet Lao, but for years it has maintained regular North Vietnamese military forces in Laos. In the past few years the military situation has become relatively stabilized. The Communists retain nominal control of about half the country, but the main population and agricultural centers are in the areas held by the government in Vientiane. The Communist forces are reluctant to attempt large-scale actions because of the preoccupation of North Vietnam with its own war, the threat of US/Thai intervention, and the success of the US/Lao air and guerrilla actions. Their principal objective for the present is to hold the eastern corridor of Laos that gives Hanoi an infiltration route to South Vietnam. On the other hand, the non-Communist forces do not have the capability to dislodge the North Vietnamese from Laos. The country probably will remain in this uneasy stalemate until the war in Vietnam has been settled.

A. Capabilities of the Opposing Forces

The two Laotian ground armies are not imposing military forces. The troops are mostly uneducated and untrained and have little will to fight. Important ethnic differences complicate the problems of both sides. The military commanders, especially in Vientiane, are often at odds with one another. The capabilities of the two forces are determined more by the external support available to them than by their indigenous strength. However, if all foreign troops should withdraw and the Lao fight it out themselves, the non-Communists probably would win because of their superior logistics position and because they have the only aircraft in Laos.

1. Non-Communist Forces

a. Order of Battle

Non-Communist forces in Laos include the Forces Armées Royales (FAR), the Forces Armées Neutralists (FAN), and paramilitary forces made up of Lao tribesmen who are engaged mainly in guerrilla operations. The estimated strength of these forces during 1949-66 is shown in Table 3.

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Table 3

Laos: Estimated Order of Battle of Non-Communist Forces
1949-66

Date of Estimate [b]	Forces Armées Royales (FAR) [a]				Forces Armées Neutralistes (FAN)	Guerrilla Forces	Total
	Army	Royal Lao Air Force (RLAF)	River Flotilla	Total			
1949 (end of year)	1,200			1,200		N.A.	1,200
1950 (end of year)	3,000			3,000		N.A.	3,000
1951 (end of year)	9,500			9,500		N.A.	9,500
1952 (end of year)	12,300			12,300		N.A.	12,300
1953 (end of year)	17,000			17,000		N.A.	17,000
1954 (July)	27,000			27,000		N.A.	27,000
1955 (December)	24,000			24,000		N.A.	24,000
1956 (December)	25,600	400		26,000		N.A.	26,000
1957 (October)	21,500	500		22,000		N.A.	22,000
1958 (January)	21,500	500		22,000		N.A.	22,000
1959 (May)	24,500	500	N.A.	25,000		N.A.	25,000
1960 (midyear)	28,000	550	300	28,850		N.A.	28,850
1961 (midyear)	35,000	200	350	35,550		N.A.	35,500
1962 (midyear)	51,000	550	400	51,950		13,500	65,450
1963 (midyear)	49,000	400	400	49,800	8,000 [c]	19,500	77,300
1964 (midyear)	56,000 [d]	650	400	57,050 [d]	8,500	24,000	89,550
1965 (midyear)	53,000	1,000	400	54,400	8,500	31,000	93,900
1966 (November)	51,500	1,150	450	53,100	11,500	35,000	99,600

a. Present designations of all forces are used. The absence of any entry indicates that the organization is not known to have existed. An N.A. entry indicates that the organization existed but in unknown numbers.
b. The choice of dates of estimates is determined by the availability of data.
c. Between 1960 and 1963 the Neutralists were associated with the Communist forces.
d. The increase over 1963 is more a reflection of improved FAR statistics than of an increase in order of battle.

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(1) Forces Armées Royales (FAR)

The FAR ground force, the principal non-Communist ground force in Laos, has a present strength of about 51,500 men, organized into 66 battalions (55 infantry battalions, 6 parachute battalions, 1 Honor Guard battalion, and 1 artillery regiment made up of 4 battalions) and 4 armored companies as well as support and service elements. Battalions range in size from about 400 to 600 men. The FAR is deployed throughout the western part of the country. It has about 45 percent of its combat troops located in the northern and central provinces and about 55 percent in the southern Panhandle. Principal field artillery consists of 75mm pack howitzers and 105mm and 155mm howitzers. Armored cars and scout cars are being replaced by new US-built M-113 armored personnel vehicles.

The Royal Lao Air Force (RLAF) has a personnel strength of about 1,150, including 85 pilots. It has 54 aircraft, including 20 T-28D trainers used as fighter-bombers, 18 C-47 transport planes, 13 miscellaneous planes -- some of which are used for forward air control -- and

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The River Flotilla consists of about 450 personnel and a small fleet of river craft which transport military personnel and equipment on the Mekong River. Most craft usually are stationed at Vientiane. The boat strength includes 7 small landing craft (LCM), 25 small patrol craft, 16 river cargo craft, and 1 floating yard dock.

(2) Forces Armées Neutralists (FAN)

This force, until recently commanded by General Kong Le, numbers about 11,500 officers and men organized into six infantry battalions, five parachute battalions, two "special" battalions, one artillery regiment made up of two battalions with light artillery, and one armored battalion. The FAN combat troops are located about 30 percent in the area of FAN headquarters at Vang Vieng and about 60 percent at Muong Soui, just west of the Plaine des Jarres on Route 7. One battalion is stationed at Pakse on the Mekong River in southern Laos.

* For a discussion of the air war, see V, B, 2, below.

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(3) Guerrilla Forces

The guerrilla forces at the end of 1966 numbered about 35,000, organized in companies of about 100 men each and in some areas in battalions of about 500. The guerrilla forces are primarily local tribesmen -- Yao, Meo, and Kha. Their effectiveness varies from one area to another.

b. Strengths and Weaknesses

(1) The Ground Forces

The economic backwardness of Laos and the lack of employment opportunities make military service attractive to the average Lao. The soldier's lot is not a difficult one. His income is higher and more regular than it would be in most civilian jobs. Training schedules are light, Pak time (a siesta-like interlude) is frequent, discipline is lax, and direct confrontation with the enemy is infrequent. It is these personal advantages, however, and poor military leadership that make the Lao army a questionable military force. The tribal guerrillas probably have been the most effective units within their assigned role of disrupting enemy forces and gathering intelligence.

(a) The FAR

In the experience of US advisers stationed in Laos up to October 1962, all echelons of the FAR had proved militarily deficient. The leadership and motivation of the FAR officers and noncommissioned officers, with rare exceptions, has been very poor. They have not appreciated the importance of intelligence and night operations. They have remained aloof from their troops (many hold their positions because of social or political status), and they have lacked initiative and decisiveness in tactical situations. Therefore, they have not been able to inspire their troops by example. The leaders of small units, deficient in military experience, have made few decisions on their own. The Lao soldier, although often enthusiastic in noncombat situations and proficient in patrolling and raiding, has lacked self-confidence and aggressiveness and has been reluctant to close with the enemy in combat. He is passive by nature, and he has received inadequate basic training and psychological indoctrination. Moreover, loyalty is dependent on regional, family, and personal associations rather than on allegiance to the nation. All of these factors have contributed to the many military defeats suffered by FAR troops.

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There are some indications that the FAR has improved slightly as a military force since 1962. It has continued to receive steady doses of US material assistance and training, and with a small number of US advisers has been able to mount a few successful campaigns. For example, since August 1966 seven FAR battalions have been committed to Operation Prasane in northern Luang Prabang Province. Using air support for all supply and transportation and coordinating with guerrilla companies, the FAR seized and held the rice bowl of Nam Bac Valley. The enemy responded sharply in an area which he has controlled for several years, but FAR forces maintained their positions and pushed the offensive. Although the NVA battalions in the area have not yet been defeated, Operation Prasane is a turning point for the FAR because it represents a significant action initiated by them and carried through successfully. Military attachés now believe the FAR is capable of meeting the Pathet Lao on more than equal terms but that it would continue to have difficulty if opposed by typically aggressive North Vietnamese troops.

(b) Guerrilla Forces

Guerrilla forces are not able to oppose a major NVA regimental-size attack, but they have forced the NVA to commit thousands of troops to Laos in order to prop up the Pathet Lao and the NLHS. They have withstood a moderate increase in North Vietnamese pressure by a combination of classic guerrilla and conventional tactics. They hold territory and inflict heavy casualties, then fall back and allow the NVA troops to occupy the terrain. They harass supply lines from the ground and direct airstrikes against supply lines and enemy positions. The guerrillas continually expand their control and influence over areas and people that are removed from centers controlled by the NVA and Pathet Lao. By establishing bases in these new areas, they can launch further intelligence operations and harassment.

Guerrilla units provide most of the information on North Vietnamese troop and supply movements through the Laos Panhandle to South Vietnam. They also report valuable targeting data and sometimes are used as ground and air forward controllers to direct airstrikes against important targets.

Meo guerrillas under General Vang Pao, the FAR commander in the 2d Military Region, operate effectively against Pathet Lao and NVA units and supply lines. The Meo occupy important high ground in enemy-held territory. In some areas, such as Nam Tha and northern Luang Prabang, guerrilla units and volunteer battalions are the only friendly forces holding territory. Since 1965, Vang Pao's

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guerrillas, with increased material support from the FAR and effective close air support, have mounted several sustained offensives and have held important military/political centers against strong enemy attacks. Pathet Lao and NVA losses have been heavy in several major battles with guerrillas in northeast Laos.

Beginning in the fall of 1961, a Kha guerrilla force was established on the Plateau des Bolovens in the southern end of the Lao Panhandle. By October 1962 the Khas had been organized into a force of about 1,100 men. By mid-1963 the combat effectiveness of the Khas had diminished considerably, although a small number of tribesmen had been organized for intelligence gathering and reporting.

(2) The Royal Laotian Air Force (RLAF)

The RLAF is a valuable addition to friendly Lao military strength.* However, a conflict between the air leadership and the FAR General Staff culminated in the removal of General Ma, head of the Air Force, in October 1966. The Air Force, although directly responsive to the control of the General Staff, had operated on the basis of regional considerations and, above all, on the basis of the Air Force commander's personal interpretation of the ground situation. The Ma incident lowered morale and caused divided allegiance within the armed forces, at least temporarily.

c. Foreign Military Assistance

Deliveries under the US Military Assistance Program (MAP), valued at some $300 million in FY 1950-66, comprise nearly all of the supplies and many of the services required by the friendly forces in Laos (see Table 4). Almost 60 percent of Laotian defense expenditures in the calendar years 1961-66 was represented by MAP deliveries, and almost half of the remaining expenditure was financed directly or indirectly by foreign aid, preponderantly US. Even the food consumed by most of the FAR and FAN forces is nearly all supplied by US AID. Although the Geneva Accords of July 1962 gave France exclusive responsibility for training all Lao military forces, the French military role and expenditures in Laos have declined in recent years and are insignificant compared with those of the United States. The United Kingdom and Australia have made small contributions in budget support and material to friendly forces. The Neutralist forces received Soviet equipment and training before shifting allegiance to Vientiane in 1963. They have since received US and French assistance and small amounts of

* For a discussion of the air war, see V, B, 2, below.

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Indonesian aid, mainly in the form of uniforms and training. An Indonesian training program for Kong Le's Neutralist troops apparently proved mutually unsatisfactory; most of the Lao trainees showed little aptitude or interest and had various complaints about the way of life in Indonesia.

Table 4

Laos: Total Commitments and Deliveries
Under US Military Assistance Programs
FY 1950-66

Categories	Commitments FY 1950-66	Expenditures/Deliveries FY 1950-65	Expenditures/Deliveries FY 1966 (Estimated)
	Thousand US $		
Total value	345,078	248,366	46,099
Total excluding excess stocks	299,731	207,142 a/	42,390 a/
Of which:			
Ammunition	65,803	48,979	9,945
Aircraft	39,152	18,628	4,694
Vehicles and weapons	34,790	26,939	2,074
Supply operations	23,632	17,587	5,200
Training	19,178	16,816	1,459
Communications equipment	13,504	9,526	1,320
Excess stocks (valued at acquisition costs) b/	45,347	41,224	3,709
	Units		
Principal equipment			
Aircraft, cargo C-47	27	25	
Aircraft, trainer	55	32	21
Helicopters	60	31	1
Aircraft, observation	13	10	2
Aircraft, utility	15	12	2
Trucks	3,685	2,875	498
Carbines	68,468	50,974	11,021
Rifles	27,093	25,883	917
Submachineguns and machineguns	14,484	13,279	1,086
Mortars	1,440	1,263	122
Rocket launchers	1,876	1,460	276

a. Including cost of repair and rehabilitation of excess stocks and cost of transportation of equipment and supplies.
b. Surplus US military stocks not included in the official accounting of military aid programs.

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2. Enemy Forces

a. Order of Battle

Enemy forces in Laos consist of the Pathet Lao (PL), North Vietnamese Army units (NVA), and the Dissident Neutralists. The estimated strength of these forces, 1949-66, is shown in Table 5.

(1) Pathet Lao (PL)

PL forces numbered about 37,600 men in November 1966, organized into about 100 infantry battalions and a number of field artillery, armored, and antiaircraft artillery elements. Most infantry battalions vary between 200 and 400 men, but some are smaller. Almost all PL battalions include NVA personnel, and about 40 battalions contain one or more companies of NVA troops. The command structure of the PL forces includes NVA advisers at all levels, and operational control of PL forces probably rests very largely in NVA hands. About 55 percent of the PL are deployed in northern and central provinces and 45 percent in the southern Panhandle.*

(2) North Vietnamese Army (NVA)

NVA forces in Laos vary in number in accordance with developing combat needs. Forces have been sent into Laos or withdrawn on fairly short notice. The strength of the NVA forces in Laos in November 1966 is estimated to have been 16,000 men, of which 3,000 were cadres or advisers attached to PL units. Most NVA forces are organized in regular units and serve either with PL companies in mixed battalions or as NVA battalions, which range in size from 350 to 450 men. It is believed that in November 1966 there were 20 NVA infantry battalions in Laos, deployed throughout Communist-held territory but concentrated in the Panhandle area.

(3) Dissident Neutralists

Col. Deuane and some of his troops defected from Kong Le's forces in early 1963 and were proclaimed by the Communists as the "true neutralists." The Deuane Dissidents, about 1,500 men, are made up of seven infantry battalions and artillery and armored elements, and they include PL officers and men. The forces are deployed in defense of Khang Khay, the PL headquarters east of the Plaine des Jarres.

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* For a discussion of antiaircraft capabilities, see B, 4, below.

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Table 5

Laos: Estimated Order of Battle of Enemy Forces a/
1949-66

Date of Estimate b/	Pathet Lao (PL)	North Vietnamese Army (NVA)	Kong Le Neutralists	Dissident Neutralists		Total c/
				Deuane Forces	Khamouane Forces	
1949-53	N.A.	N.A.				N.A.
1954 (July)	1,800	N.A.				1,800
1955 (December)	6,300	N.A.				6,300
1956 (December)	6,300	N.A.				6,300
1957 (October)	6,300	N.A.				6,300
1958 (February)	N.A. d/	N.A.				N.A.
1959 (May)	N.A. d/	N.A.				N.A.
1960 (August)	9,000	N.A.	600			9,600
1961 (February)	9,500	N.A.	5,000 e/		N.A.	14,500
(May)	15,000	N.A.	5,000		N.A.	20,000
(September)	15,900	3,200	5,500		N.A.	24,600
1962 (January)	19,000	9,000	6,000		4,000	38,000
(November)	19,000	6,000	8,000		3,000	36,000
1963 (February)	19,000	6,000	8,000		2,500	35,500
(May)	19,000	6,500	f/	500	2,500	28,500
(November)	19,500	7,000		500	2,000	29,000
1964 (October)	20,000	10,000		2,000	1,000	33,000

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Table 5

Laos: Estimated Order of Battle of Enemy Forces a/
1949-66

(Continued)

Date of Estimate b/	Pathet Lao (PL)	North Vietnamese Army (NVA)	Kong Le Neutralists	Dissident Neutralists		Total c/
				Deuane Forces	Khamouane Forces	
1965 (July)	23,500	9,000		1,750	1,900	36,200
(October)	25,000	7,000		1,750	1,900	35,700
1966 (November)	37,600 g/	16,000		1,500	1,400	56,500 g/

a. Data for 1949-53 are not available. Totals are the rounded sums of the available estimates of all forces. Because of rounding, components may not add to the totals shown. The absence of an entry indicates that the organization is not known to have existed at that time. An N.A. entry indicates that the organization existed but in unknown numbers.
b. The choice of dates of estimates is determined by the availability of data.
c. In addition, an undetermined but probably small number of Chinese Communist troops (possibly 600 to 1,200 during recent years) is estimated to have been in northwest Laos since 1954. A few Chinese advisers have also been reported elsewhere in Laos from time to time.
d. Two battalions (1,500 men) were nominally integrated with the FAN in February 1958, and the remainder (about 5,000) were to have been demobilized. The demobilization probably was not carried out. Integration of the two battalions proved to be only nominal, and when an attempt was made in May 1959 to force integration, one of the two battalions escaped to Communist territory.
e. A very large proportion of Kong Le's recruits were in fact infiltrators from the Pathet Lao forces.
f. Transferred to the friendly side.
g. Including 7,450 troops in units not previously identified and included. The increase from July 1965 is therefore probably overstated by some 6,000 to 7,000.

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General Khamouane has a dissident force of about 1,400 men located in Phong Saly Province. Consisting of seven infantry battalions, supported in part by the Chinese Communists, these forces defend a part of the Communist base area.

b. Communist Military Capabilities

There is little firm intelligence on PL capabilities, but probably many of the unsoldierly characteristics of the FAR are also found in the PL. Deficiencies include a generally low level of education, inadequate training, ethnic dissension (40 percent of the PL troops are drawn from ethnic minority groups), and a lack of will to fight in some instances. Because of a primitive logistics system and dependence upon outside support, their capacity for sustained, large-scale operations is low. The increased number of non-Communist airstrikes probably produces some morale problems. The Pathet Lao by themselves are estimated to have a continuing capability to mount effective guerrilla operations, and with direct North Vietnamese support in men and materials they can launch conventional attacks of battalion size.

The NVA forces are far better trained and equipped and more highly motivated than the PL. When faced by either FAR or Neutralist forces they have always fought well and are considered vastly superior to either force on a unit-by-unit basis. Because of their superiority, they have been used to spearhead attacks.

The Deuane Dissidents, heavily staffed with PL officers and men, are comparable to the PL in combat effectiveness. The Khamouane Dissidents hardly ever engage in combat and are not considered a useful offensive force at present.

c. External Aid to the Communist Forces

Little is known about the external aid supplied to the Communist forces in Laos, but it is not nearly as extensive as US aid to the non-Communist forces. Communist China is the main source of supply, and North Vietnam probably acts as the intermediary for most deliveries. Aid has consisted of financial contributions and deliveries of arms, ammunition, and equipment. Among the larger weapons made available to the Communist forces in Laos are antiaircraft weapons*; 60mm, 82mm, and 120mm mortars; 75mm pack howitzers; 85mm division guns; 105mm howitzers; and 57mm, 75mm, and 82mm recoilless rifles.

* See B, 4, below.

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3. Comparative Logistics

Non-Communist forces in Laos appear to have an advantage in logistics and transportation over Communist forces. Better truck and water routes are available in the areas held by the FAR and FAN than in the areas held by the Communists. Surface routes in friendly territory have relatively easy access to Thailand, where main logistics bases are located, and they are supplemented by an airlift. A major portion of the Communist road network is oriented toward the supply of Communist forces in South Vietnam rather than offensive or defensive forces in Laos. The Communist logistics system depends on trucks supplemented by various forms of primitive land and water transport, which must cross a formidable mountain range between Laos and North Vietnam. The maintenance and expansion of the logistics and transportation systems of both Communist and friendly forces in Laos are dependent on foreign aid, and the relative capabilities of these systems could be changed quickly if either side received substantially greater or lesser amounts of material and administrative assistance.

a. Non-Communist Forces

The logistics system of the non-Communist forces is inadequate to support sustained military operations, although it has been improved in recent years by US aid and training. Many of the simplest logistics techniques are beyond the organizational and technical capabilities of the friendly forces. These forces have relied on the US AID Mission, which implements the MAP in Laos, to carry out the most important logistics operations. The United States almost entirely controls the FAN logistics system and provides extensive assistance for FAR-controlled logistics operations. The road network in non-Communist territory totals some 1,200 to 1,500 miles.

The present logistics resupply requirement of the friendly forces is about 275 tons* per day, of which food represents about 75 tons and petroleum about 120 tons. The ground forces require about 210 tons and the FAR Air Force 65 tons. Food is furnished by US AID, except for a small amount that the FAR obtains in Laos. Most supplies are transported through Thailand to central FAR depots at Vientiane or Savannakhet. The FAR is usually able to move supplies within Laos to regional depots and field units, using truck transport companies, air force cargo planes, or hired civilian transport (truck, boat, or aircraft). However, US control over movements within Laos is necessary when speed is essential or when large pieces of equipment must be shipped.

* Tonnages are given in short tons throughout this section.

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b. Communist Forces

The volume of supplies moved from North Vietnam into Laos in support of forces in Communist-held areas of Laos is not known. Since the time of the Geneva agreements in 1962, most of the supplies have been delivered by truck. The road network has been extended from 450 miles in 1962 to about 1,000 miles in mid-1966, and the number of truckable roads crossing the border has increased from 4 to 10 in the same period (see Figure 5). Information from road-watch teams is sufficient on only three of the cross-border routes to derive estimates of the volume of traffic, but even these estimates are tentative because of problems involved in the reporting.

The level of truck traffic entering the Plaine des Jarres area of Laos on Route 7 and the volume of supplies delivered each year on this route appear to have declined during 1964-66. The estimated volume of supplies delivered in 1966 was about 60 percent of the amount estimated for 1963, or about 27,400 tons. The volume of traffic on Route 7 during the first few months of 1967 suggests that the volume of deliveries for the entire year 1967 will be higher than in 1966. Some supplies may have been moved into the area in 1966 on the newly completed Route 61. Truck traffic on Route 8 into northern Khammouane Province, which has declined since 1963, was practically nonexistant in 1966.

By contrast, the volume of supplies moved by truck into the southern Panhandle of Laos is estimated to have increased substantially since 1963. The road network in this area has been greatly expanded and improved. Truck traffic moving south from North Vietnam is estimated to have delivered about 7,000 tons in the dry season of 1964-65 and about 17,000 tons in the dry season of 1965-66, but airstrikes destroyed about 20 percent of the total in 1965-66. In the current dry season, 1966-67, the North Vietnamese are moving supplies over this route that may total 20,000 tons, of which some will be destroyed by airstrikes. In addition, primitive transport from North Vietnam delivered an estimated 2 tons per day, or 730 tons a year, into the same area, and food supplies arriving from Cambodia in 1966 may have amounted to 15 tons per day, or 4,000 tons during the dry season. Very little information is available regarding the division of these supplies between Communist forces in Laos and those in South Vietnam, but it is estimated that in 1965 the quantity reserved for use in the southern Panhandle was no more than 5,700 tons and possibly less than 4,600 tons. Of the supplies delivered in the first half of 1966, about half were probably consumed in Laos.

The logistics organization supporting Communist forces in Laos appears to be under the control of the North Vietnamese Ministry of

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National Defense and its subordinate directorates. General storage areas for supplies have been identified in many places in the Communist-held portion of Laos. At least four of these areas are believed to be major storage areas. Supplies are generally moved from North Vietnam to these areas by truck convoys and further distributed by truck or by primitive transport. The logistics system appears to be flexible and has been modified as a result of aerial attacks. It is relatively invulnerable to air interdiction because the level of traffic moving on the roads is equivalent to only a small percent of the road capacity. The Communists in Laos will probably continue to receive adequate supplies from external sources.

Roads are the only transport routes with significant capability to support a substantial increase in Communist forces in Laos. It is estimated that the truckable roads that cross the border into Laos from China and North Vietnam theoretically have the capability to resupply throughout the year some 22 light infantry divisions and supporting units -- about 423,000 men -- under average combat conditions. Some of the roads extend only 30 to 50 miles into Laos, however, and the capability to resupply troops beyond the road terminals would be greatly reduced. Larger numbers could be supplied during the dry season, when the routes can support a larger volume of truck traffic; but in the rainy season, as route capacities are reduced, the number that could be supported would be reduced to less than a fourth of the dry season maximum. These estimates would change if the level of combat or composition of units were different or if changes were made in the roads involved.

B. The Air War

1. US Participation

The principal US air programs, flown from bases outside of Laos, are known as BARREL ROLL (BR) and STEEL TIGER (SL). Under these programs, armed reconnaissance has been conducted against lines of communication, transportation equipment, troop concentrations, bivouac and storage areas, barracks, and antiaircraft sites. Targets, both fleeting and fixed, are validated by the US Ambassador at Vientiane. Sorties are also flown in support of ground operations.

The BR Program was initiated on 14 December 1964 when four F-105's based in South Vietnam carried out an armed reconnaissance mission over Route 8 in the Panhandle. The program was at first confined to the central Panhandle area, and in a 3-1/2-month period

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through March 1965 only 51 missions were flown. During this time the list of targets was expanded and the program was reorganized. Since 1 April 1965 the program has been directed against the Communist-controlled areas of the northern provinces of Xiangkhoang, Houa Phan, Phong Saly, and Luang Prabang. The SL Program is similar to BR and is directed against the Communist-controlled areas in the Laotian Panhandle south of Nape Pass (see Figure 6).

The number of BR/SL sorties increased after 1 April 1965, although the rainy season caused flight cancellations in July and August. With the increased availability of aircraft and the advent of the dry season, the number of attack sorties reached about 3,000 in December and a peak of over 8,000 in January 1966. The number of monthly attack sorties varied between about 1,000 and 6,000 during the remainder of 1966, and support sorties averaged an additional 2,300 per month throughout 1966 (see Figure 7). Airstrikes were fairly evenly divided between BR and SL areas during the first few months of the program, but, beginning in November 1965, the airstrikes concentrated on the Panhandle in an effort to interdict the flow of troops and materiel to South Vietnam. About 20 percent of the sorties flown against Communist positions in Southeast Asia in 1966 were in Laos. The United States lost 71 planes over Laos in 1966 (59 in combat), about 14 percent of the total number of planes lost in US/South Vietnamese actions in Southeast Asia.

25X1

TIGER HOUND is a special program initiated in December 1965 to increase the effectiveness of the SL Program. It employs forward air control planes flown by US pilots from bases in South Vietnam to locate both vehicular and fixed targets for strikes in the southern part of the SL areas. Twenty O-1E aircraft were originally assigned to the program, and these have since been supplemented by other types. An airborne command post (C-130), manned by US personnel and two RLAF observers, provides continuous radio contact between observers, strike pilots, and

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RLAF headquarters during operations. Beginning in January 1966, the TIGER HOUND program began using observation aircraft equipped with Side-Looking Air Borne radar.

The CRICKET Program, initiated in February 1966, uses ground road-watch teams in radio contact with spotter aircraft, which consist of about 20 small econnaissance aircraft (O-1E's) flown by US pilots

25X1

Other improvements in air operations have been a more extensive use of radar and the introduction of flares for night operations (including the use of C-130 flare aircraft). Herbicides are used occasionally for defoliant operations in order to overcome the handicap of heavy tree cover.

25X1

2. Lao Air Operations

In May 1964 the RLAF had only 6 T-28's (a propeller-driven trainer) and 12 qualified pilots. The ordnance of these planes consisted of .50-caliber machine guns and 2.75-inch rockets. Subsequently, the United States provided bombs for use on the T-28's and, more importantly, began to build up the number of both T-28 planes

25X1

The present force of about 40 T-28's is divided into two groups of planes and pilots, both nominally under the RLAF but controlled

25X1

Air Attaché's Office. Airstrikes are coordinated with the FAR General Staff, with army field commanders, and with the local tribal people. The other half of the RLAF force operates mainly against Communist-controlled areas in southern Laos, also in close coordination with the US Air Attaché's Office, the FAR General Staff, and field commanders. USAF advisers at Savannakhet provide technical guidance.

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Areas Covered by Operations BARREL ROLL and STEEL TIGER

Figure 6

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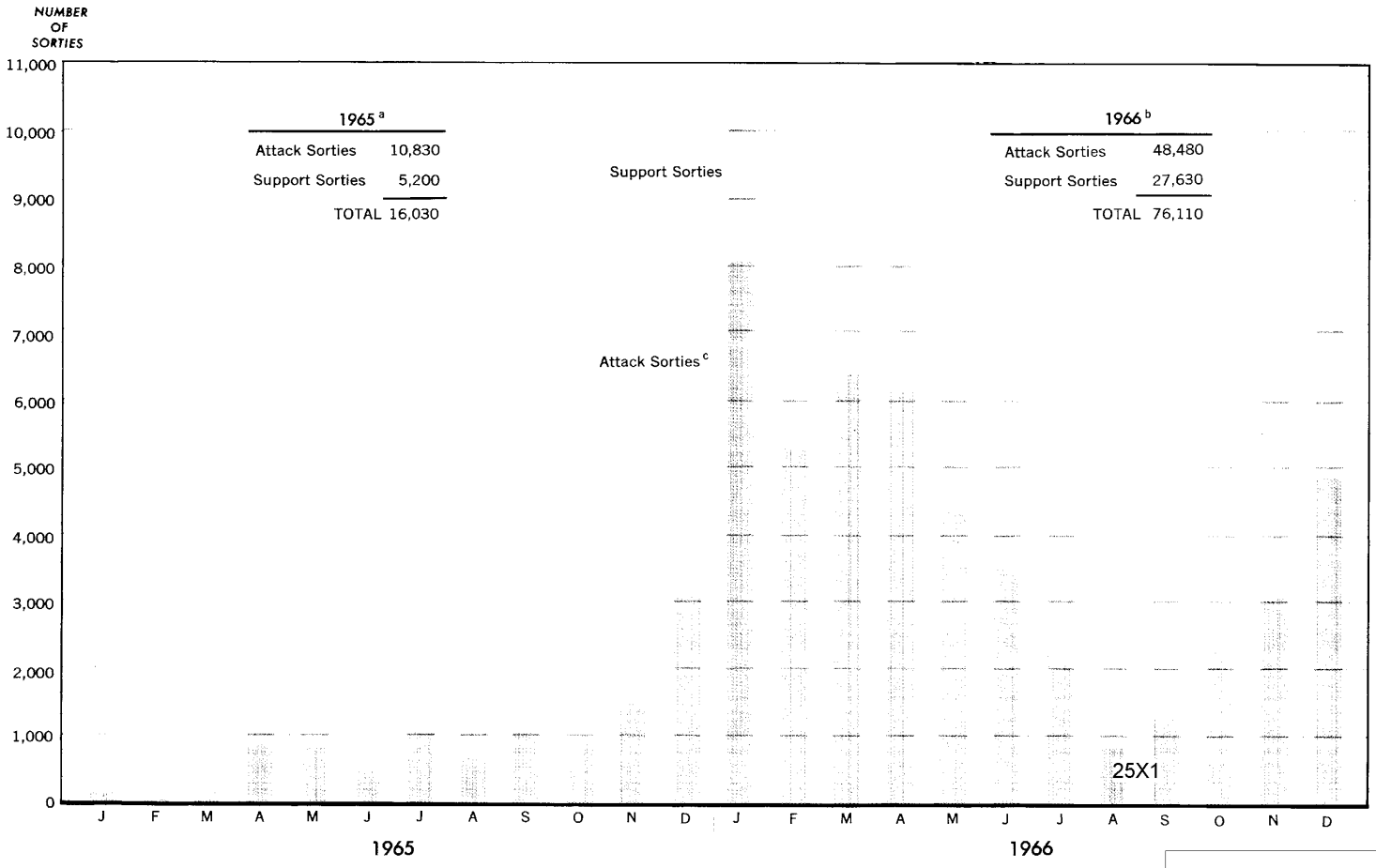
Figure 7

LAOS: US AIR OPERATIONS, 1965-66



[a] Sorties flown over Southeast Asia during 1965 by US and Vietnamese Forces totaled 181,550; 8.8 percent of these were flown over Laos.

[b] Sorties flown over Southeast Asia during 1966 by US and Vietnamese Forces totaled 428,080; 17.8 percent of these were flown over Laos.

[c] Attack sorties include strike plus flak suppression sorties.

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General Ma, commander of the RLAF, attempted a coup on 21 October by sending a number of T-28's to bomb military posts in Vientiane. The attempt was unsuccessful because he did not have ground support.

[redacted] 25X1

were subsequently returned to Laos, and some of the pilots are again flying in government operations controlled from Vientiane.

T-28 operations include trail interdiction both in the north and in the Panhandle, strikes against fixed military targets, and close combat support for ground operations. Since the spring of 1964 the RLAF has improved its skills and has made a commendable showing. Two of the larger operations which involved planned, coordinated actions of ground and air forces were OPERATION TRIANGLE in the summer of 1964 and [redacted] during the summer of 1966. (For the number of T-28 sorties flown monthly in 1965-66, see Figure 8.) 25X1

The RLAF has a number of C-47 transports, which are used primarily as transport and cargo planes. They are used also for night bombing, as flare ships in support of ground operations, and as communications relays between front lines and command posts.

3. The US Air Attaché's Office

The US Air Attaché's Office in Vientiane is the focal point for coordination of all tactical air operations in Laos. Targets for the T-28 program and for BR/SL programs are developed in the current intelligence and photointelligence sections of the office. The office assists the FAR General Staff in planning operations which involve air support, plans and coordinates joint RLAF-USAF missions, and deploys USAF and sometimes RLAF forward air control teams. An Air Operations Center at Vientiane is operated by USAF personnel who carry out mission planning, briefing and debriefing, ordnance storing and loading, and aircraft maintenance.

4. Enemy Antiaircraft Defenses

The buildup of air activity since the spring of 1964 has resulted in some increase in enemy antiaircraft activity, but these defenses remain weak relative to the offensive capability of Lao-US forces. The number of antiaircraft weapons increased from about 120 in June 1964 to about 325 in April 1966. During the rainy season, when fewer missions are flown, fewer weapons are deployed. Thus by August 1966 the number of antiaircraft weapons had decreased to about 265, and some of the

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reduction was accounted for by the return of the weapons to North Vietnam. An estimated 14 antiaircraft battalions and 2 unidentified batteries were in Laos in the autumn of 1966. In addition, PL infantry units use their .50-caliber machineguns for air defense as well as in ground combat.

Antiaircraft weapons include .50-caliber heavy machineguns, Soviet 37mm antiaircraft guns, and Soviet 14.5mm ZPU antiaircraft guns. The machineguns are mostly remnants of World War II and the French-Indochinese War. The heavier weapons were supplied by the USSR to the Neutralists under Kong Le during 1960-62 and were retained by the Communists after their split with Kong Le. Apparently few, if any, direct deliveries of antiaircraft weapons have been received from the USSR since 1962. North Vietnam -- and, indirectly, Communist China -- has been the main source of the increase in weapons since 1964, but increased requirements in North Vietnam itself have curtailed deliveries to Laos.

The Communists have sought with some success to compensate for a lack of air power by mobility of deployment and by the use of heavy concentrations of armament at important points. Camouflage has also helped to improve the effectiveness of antiaircraft defenses. Mobility is achieved by the maintenance of about 3,000 well-distributed gun positions, and guns are moved in and out of these positions according to need. In addition, a number of armored cars mounted with ZPU 14.5mm antiaircraft guns travel with truck convoys and troops. Heavy concentrations of antiaircraft positions are deployed at important route junctions, bridges, mountain passes (Nape and Mu Gia), and important enemy bases such as Tchepone. In December 1964 and January 1965, for example, the enemy built at least 25 antiaircraft sites containing over 100 gun emplacements in the vicinity of Ban Ken Bridge over the Nam Mat River on Route 7. Another impressive concentration has been developed near the junction of Routes 12 and 23 in the Panhandle, where over 100 sites have been set up in an area less than 5 miles in diameter.

5. The Effectiveness of Air Interdiction

The air interdiction program in Laos has greatly increased the cost to the Communists of moving their supplies but has not reduced the flow of supplies. For example, during a 30-day period in December 1965-January 1966 about 16,000 tons of ordnance were dropped on the main supply routes in the Panhandle, but the level of traffic moving south during the same period -- 29 trucks per day -- was twice the level of truck traffic in the same period one year earlier. The Communists have made intensive efforts to camouflage roads, to effect rapid repairs, to

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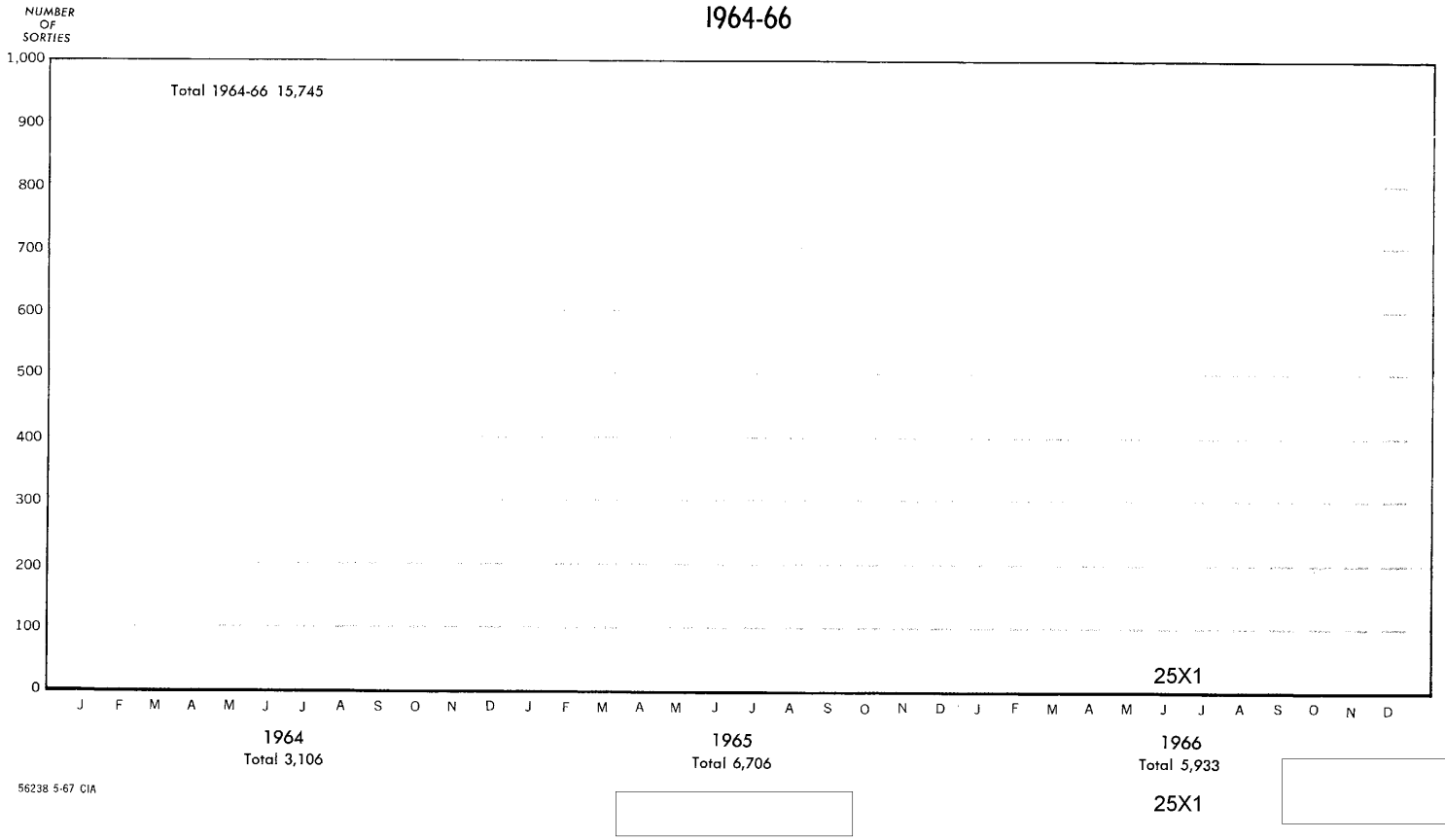
Figure 8

LAOS: SORTIES FLOWN BY THE ROYAL LAOTIAN AIR FORCE

1964-66



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travel at night, and to adopt other innovations to keep the traffic moving. At the same time they have been able to improve and expand the original road network, and the level of traffic moving on the routes uses only a small proportion of the road capacity. Air attacks will continue to be relatively ineffective because of these evasive tactics and because the trucks can be well spaced along the roads. Therefore, the Communists in Laos will have a continuing capability to maintain a logistics system over which supplies from external sources can be moved.

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